

A MESSAGE FROM THE COMMISSIONER

Kentucky agriculture is approaching a crossroad as we attempt to weather the storms that have struck tobacco and other farm products. At the same time, opportunities abound for Kentucky farmers.

Anyone who follows farming in the Bluegrass State knows well of the troubles facing our tobacco industry. Kentucky is the world leader in burley tobacco production, but quotas are on the decline due to an anticipated drop in the demand for cigarettes. Among Kentucky's other agricultural enterprises, the dairy industry has been particularly hard hit as the formula price for milk was sliced by one-third in the winter of 1999, wiping out the profitability of our dairy farmers in one fell swoop. At the same time, cattle, hog and grain prices have been stagnant.

Faced with such daunting challenges, it is difficult to believe that Kentucky agriculture is on the threshold of many promising possibilities. But that is exactly where we stand as we face a new millennium.

The same litigation that is battering the tobacco industry is expected to generate \$1.5 billion in payments to Kentucky tobacco growers and quota holders over the next 12 years. The state's poultry industry is growing with the establishment of processing plants across the state in recent years.

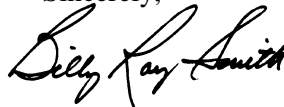
The Kentucky Department of Agriculture is hard at work on many fronts to make Kentucky's farm operations more profitable. The Value-Added divisions are helping farmers develop products that will put more money in their pockets. The "Kentucky - Where Quality Grows" and organic certification programs are designed to attract consumers to Kentucky products. The Department helps farmers' markets throughout the state to improve and promote their facilities. The marketing office connects Kentucky farmers to buyers throughout the U.S. and all over the world.

While there is no substitute for tobacco and the income it brings to Kentucky farmers, the development of new products and new markets can help keep our farm families on the farm and help them to be profitable.

Kentucky Agricultural Statistics is a valuable tool for showing us where we have been and how we compare with other states so that we can determine the direction in which we are heading. The information it contains is especially useful in the context of the troubles that confront Kentucky farmers, and the opportunities that await them.

Please keep in mind that the transformation currently underway throughout all of agriculture will most likely continue well into the next decade. I am confident that our industry will become even stronger and we who are called "Kentucky farmers" will persevere.

Sincerely,

A handwritten signature in black ink, reading "Billy Ray Smith". The signature is fluid and cursive, with the first name "Billy" and last name "Smith" being the most prominent parts.

Billy Ray Smith